

## MARKET FOR TRADE LOANS URGENT NEED OF BANKING

BY GEORGE W. SIMMONS,

President of the Simmons Hardware Company of St. Louis.

Commercial paper is our staple bankable security. It plays an exceedingly important part in our great credit structure, and so is one of the most potent factors in our prosperity. It speeds faster the wheels of industry. Through it, expansion in the volume of business is made possible. In many cases it enables the introduction of our products abroad, thus being of invaluable assistance in keeping our trade balances on the right side of the ledger. In my opinion it is so valuable a contribution to business interests that its use will continue steadily to increase and to broaden.

Generally speaking, bank loans may be divided into two classes: Loans on paper secured by stock exchange collateral and commercial paper secured by one or more names. Each of these classes may be subdivided into paper payable on demand and long or short time paper.

The paper secured by stocks and bonds is, as a rule, not used in commerce and industry, but in speculation. It is one of the evils of our present banking system that under it idle bank funds flow to

its field is folly. It is now liquid within certain fields, being convertible into cash with more or less ease in times of industrial confidence. And even in times of stress it has demonstrated its worth. I was immensely impressed with this during the panic of 1907. At that time we had large outstanding commercial accounts, which, although they were not secured by commercial paper, were closely akin to it. We simply stopped buying goods; and as we had always paid cash for everything, we had nothing but current expenses to meet. At maturity of our current accounts, those who could not pay in full would send us, say, one-half, and a little later another remittance and so on. I apprehend that not 2 per cent of the commercial paper floating at that time went unpaid or was renewed.

It is readily apparent that commercial paper bridges the interval between the production and the consumption of goods and gives the merchant or manufacturer ready funds for the continuance of his business, without waiting for the purchaser or consumer, to whom he has extended thirty, sixty or ninety days' credit, to make payment. Further than that, it encourages him to use his money more freely in the way of experiments in improved methods and improved machinery—feeling confident that he can be safe from financial embarrassment in so doing. I know of a case in which the manufacturer of one of the important products of the country so improved his processes as to reduce the cost fully one-third. This was made possible solely by the fact that, through the use of commercial paper, the manufacturer was enabled to get the money with which experiments were made to devise theretofore-unknown mechanical appliances.

### National Credit Bureau.

Commercial paper is so important a part of our industrial fabric that I believe the American Bankers' Association should establish some kind of a bureau of information to scrutinize the business of the country. In this way a great deal of reliable information could be placed at the service of those desiring to invest in such paper—particularly banks—information not only as to the concern's assets and current receipts, but as to the extent of the loans extended to it from various sources. Commercial paper would then become most desirable paper any bank could buy, so far as regards safety.

I believe that when we have a new banking system for us, we must have one if we are to avert another panic—it will be perfectly proper to have some arrangement—under careful provisions and regulations—whereby the banks may re-discount their commercial paper with a co-operative agency. This would provide them with prompt relief in times of stress, and would help to prevent money panics. Such a provision certainly should be a part of any measure looking to a revision and improvement of our present banking system.

### CHICAGO PRODUCE.

Currency Based on Commerce.

This gross disadvantage to American business arises from the fact that we have no broad discount market for commercial paper, such as is the foundation of European credit machines. Absent this market, the basis of note issues. Our note issues are bond-secured, and the daily adjustment of the demand and supply of money primarily rests in an increase or decrease of call loans on stock exchange collateral.

If there is pronounced contraction and liquidation, then stocks and bonds are dumped onto the market, which sags under their weight. Disturbances are inevitable. How much more logical would be note issues based on commercial paper which depend for liquidation not upon the narrow confines of the stock market, but upon the day-to-day consuming power of the entire nation.

The commercial paper arising out of our business and required for the necessities of industry runs from thirty to ninety days. It may be based upon the actual shipment of goods, or it may be based solely upon the commercial standing of the man who makes it. In the first instance, it is likely to be two-name paper. The manufacturer or merchant who ships the goods may demand the promissory note of the merchant to whom he sends it and to whom he gives a credit, say, of sixty days. When he receives this note he may endorse it and then discount it at his bank. Or he may draw on the second merchant at sixty days' sight, in which case the second merchant accepts it and the writing across it reads "accepted," with his name and the date; and it then becomes an instrument convertible into cash by discount.

Credit for Productive Industry.

In either of these cases we have two-name paper, based on actual goods in transit from the producer to the consumer and dependent for payment in the last analysis, not upon the commercial integrity of the men who made it, but upon the ability of the public to consume the goods it represents.

In the case of one-name paper, the wisdom of a bank granting a loan depends upon what it knows of its client. If the client's account shows a moderate and regular business, and especially in comparison with his current receipts, it is a good loan. There is none safer. It should be understood that the selection of banks may even employ outside accountants to go over its books. It may, if it seems fit, demand to know whether the loan is based upon an actual commercial transaction, and may demand evidence of the transaction. It is often found advisable in cases of large loans on commercial paper to split the loan into a number of "notes," which are sold by banks and placed in circulation. It is not infrequently happens that a small bank will buy four or five pieces of known commercial paper, based upon way as an investment for idle funds, and in that case, if some unexpected demand is made upon the bank, so that it needs funds promptly, it will send as much of this paper as may be required to fill its need to its city correspondent for rediscout.

### Lower Interest Rates.

But by establishing a broader market for such paper interest rates would be lowered in this country. If the market were still further broadened, to become international as well as national in scope, interest rates obviously would be still further lowered. The American merchant would have to pay less for the capital necessary for his business. It is obvious that the cost of borrowed capital must enter into the expense of conducting every large business. If interest rates are increased the cost must be increased of every article into whose production or distribution the use of the borrowed capital enters.

The lower interest rates prevalent in England and on the continent give merchants and manufacturers there an unmistakable advantage over their competitors in the United States. England's unrivaled monetary system and her low rates of interest to industrial enterprises are large factors in her commercial supremacy.

The Panama canal, opening vistas of new business opportunities to America, is on the verge of completion. Will we permit it to become an added help to foreign nations, or will we, by adopting a scientific banking system, equip ourselves to reap full advantage of it? That is a question for the people of the United States to answer. It should be answered before the canal is completed. The answer should be in the form of competent and expert remedial legislation.

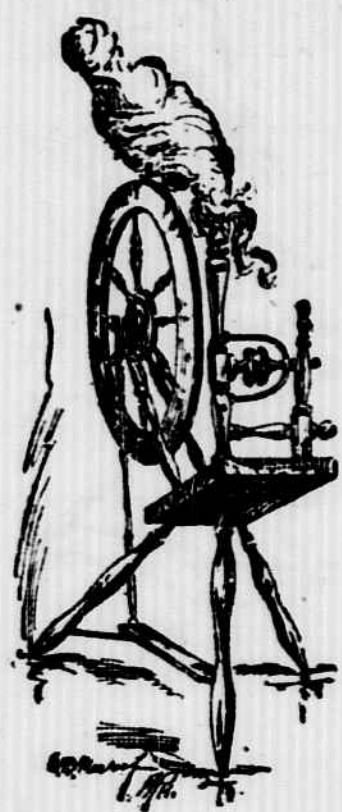
### Commercial Loans Paid in 1907.

Commercial paper already has proven of such value to us that not to broaden

# Great Annual January Linen Sale

W. B. Moses & Sons

## Highest Grades of Pattern Cloths and Napkins, Sheets, Pillowcases, Centerpieces at Heavy Reductions



We Have Laid  
in Immense  
New Stocks  
of These Goods  
to Meet All Demands

25 dozen Fine and Extra Heavy Double-thread Turkish Towels; size 27x58 inches. Were 75c. January Sale . . . . .	50c
32 dozen Mercerized Double-thread Turkish Towels, made of fine Sea Island cotton, with white, blue, green, lavender and pink borders; size 22x42 inches. Were 75c. January Sale . . . . .	50c
150 dozen Extra Heavy Turkish Bath Towels; double thread; pink and blue border; size 25x46 inches. Were 31c. January Sale . . . . .	25c
200 Fine Irish Bleached Damask Pattern Cloths; patterns spot, rose and stripe, fleur-de-lis and stripe, rose and Scotch thistle— 2 yards x 2 yards—were \$2.50. January Sale . . . . . 2 yards x 2 1/2 yards—were \$3.12. January Sale . . . . . 2 yards x 3 yards—were \$3.75. January Sale . . . . .	\$2.00 \$2.50 \$3.00
Napkins to match.	
150 Pure Linen Hemstitched Tray Covers; 18x27. Were 37 1/2c. January Sale . . . . .	25c
44 dozen Fine Hemstitched Pure Linen Towels; plain huck. Were 31c. January Sale . . . . .	25c
40 dozen Fine Bleached Damask Napkins; spot pattern. Were \$3.00. January Sale . . . . .	\$2.25
15 dozen Fine Bleached Damask Napkins; 27-inch dinner size; big value. Were \$6.00. January Sale, dozen . . . . .	\$5.00
50 dozen Fine Heavy Scotch Bleached Damask Napkins; good patterns. Were \$4.00. January Sale, dozen . . . . .	\$3.00
8 dozen Extra Fine All-pure-linen Hemstitched Huck Towels; best value ever shown at the price; size 26x46 inches. Were \$1.50. January Sale . . . . .	75c

50 dozen Fine Irish-eye Damask Towels; hemstitched ends; size 20x36 inches. Were 31c. January Sale . . . . .	25c
40 pairs Pure Linen Hemstitched Sheets; size 72x96 inches. Were \$5.00. January Sale, pair . . . . .	\$3.50
47 pairs Pure Linen Hemstitched Sheets; size 90x96 inches. Were \$6.00. January Sale, pair . . . . .	\$4.00
50 pairs Round-thread Hemstitched Linen Pillowcases; 22 1/2x36 inches. Were \$2.00. January Sale, pair . . . . .	\$1.50
26 pairs Fine All-pure-linen Round-thread Hemstitched Pillowcases; 22 1/2x36 inches. Were \$1.75. January Sale, pair . . . . .	\$1.25
50 dozen Fine Figured Huck Towels; pure linen; hemstitched border; 19x36 inches. Were 29c. January Sale . . . . .	25c
75 dozen Pure Linen Huck Towels; monogram border and hemstitched end. Were 29c. January Sale . . . . .	25c
25 dozen Fine Grass Bleached Huck Towels; monogram border; hemstitched ends; washed ready for use. Were 75c. January Sale . . . . .	50c
40 dozen 16x24 Hemstitched Huck Guest Towels; monogram borders. Were 31c. January Sale . . . . .	25c
16x24-inch Hemstitched Huck Guest Towels; hand embroidered. Were 75c. January Sale . . . . .	50c

Our January  
Linen Sale  
Stands for Quality

W. B. MOSES & SONS  
F and Eleventh Streets

Prices Are Low  
Linens Highest  
In Quality

### FRUIT MARKET.

NEW YORK, January 11.—Evaporated apples—Quiet.

Prunes—Steady.

Apricots—Firm.

Peaches—Steady.

Raisins—Firm.

### DRY GOODS MARKET.

NEW YORK, January 11.—The cotton goods market today was fairly active.

Plains being in a few lines of convertible and print cloths. Yarns were easier.

Jobbers reported a very satisfactory opening of the new year.

### WHOLESALE MARKET REPORT.

Quotations given below are for large lots. Jobbers' prices are higher.

EGGS—Nearby, fresh Virginia, 25a26; West Virginia and southwest Virginia, 24a25; Tennessee, 24a25.

BUTTER—Elgin fancy, per lb., 36a38; western firsts, 34a35; seconds, 33a35; store packed, 32a33.

CHEESE—New York state factory, new 19a10 1/2.

POULTRY—Hens, per lb., 14a15; roosters, per lb., 13a14; turkeys, 17a18; chickens, 16a18; ducks, per lb., 14a16.

DRESSED POULTRY—Hens, choice, per lb., 14a16; turkeys, 17a18; 18a21; ducks, 14a16; chickens, 15a18.

GREEN FRUITS—Apples, box, 100a20; bbl., 100 to 4.50; Florida oranges, 200a25; oranges, California box, 20a25; grapefruit, per box, 2.25a3.00; pineapple, 2.00a2.50; cranberries, bbl., 8.00a10.00; tangerines, per box, 2.00a2.50.

HAY AND STRAW—Hay, western No. 1, 10.00a12.00; No. 2, 15.00a18.00; mixed hay, 12.00a16.00; straw, 12c. bale, 6.50a7.00; machined, 9.00a10.00; straw, 10c. ton, 6.50a7.00; straw, cut, per ton, 7.00a7.50.

VEGETABLES—Potatoes, No. 1, per bu., 50a80; per bbl., 1.25a1.75; No. 2, per

### At the End of the Rainbow.

THE TIRELESS TONGUE.

By Walt Mason.

"It's queer how people avoid young Kerswat," remarked the school superintendent. "He seems a bright, clever, good-natured fellow, yet few people seem to like him."

"The trouble with Christopher Kerswat is the trouble that afflicts the majority of American citizens, but he has it in an aggravated form," declared the oldest inhabitant. "He talks too much, and he talks when the sign isn't right. He has no judgment of tact and is always getting into trouble."

"One day last winter he went up to Doc Dinger's dental bazaar to have his fangs overhauled, and he found the waiting room pretty nearly full of people waiting their turn. I was among them, and the side of my face looked as though I was chewing a pumpkin. The rest were as miserable as myself, and most of them were wiping away tears. Well, in came Kerswat, and he saw he'd have to wait a while, so he sat down and began talking. We might have endured him if he had discoursed of cheerful, optimistic

### Man, 78, Disappears From Home.

The police have been asked to search for Zach Bridgeman, seventy-nine years old, who disappeared from his home at Arlington Heights, Va., January 7. The missing man is said to be about five feet seven inches tall, weighing 150 pounds, and when last seen wore a gray check coat and corduroy trousers and a campaign hat.

### Things, but he began telling of horrible experiences he had had in dentist's offices. It was blood-curdling to hear him.

"He told how a dentist broke one of his snags and then had to dig it out with a hammer and cold chisel, and how another dentist pulled his jaw out of its socket, and so on. Pretty soon one of the sufferers got up and sneaked down the stairs, and then another and another until Kerswat and I were the only ones left. Then the dentist opened the door of his operating room to summon the next patient to the torture, and when he saw the waiting room almost empty he wanted to know what had happened."

"I was feeling so sore at Kerswat that I divulged the truth in all its hideous nakedness. I never saw a man more incensed than that dentist. He seized Kerswat by the ears and dragged him into the hall and kicked him downstairs, and when I heard the misguided young man going bumpety-bump down the steps on his shoulder blades I was sorry for what I had done."

"A few days later, when my toothache had abated, I bought some new records for my phonograph. They were unusually good and I invited in a few neighbors to hear a concert. Just to extend the olive branch I invited young Kerswat. He came to my house fairly beaming with peace on earth and good will toward men. There's no malice in him, I'll say that for him. Presently I wound up the machine and began playing, and the neighbors soaked up their ears and listened eagerly. But young Kerswat, who sat in my best rocking chair with his leg over one arm, kept on talking, talking, talking."

"I looked at him as savage as a meat-

ax, and so did the guests, but it was no use. He just sat there rhabbling away while we wanted to hear the music. My blood began to boil in my veins, and I gave him a hint that would have silenced an ordinary man, but he kept on talking, so I lost all patience and told him I wanted to see him a moment in the hall. When I got him there I handed him his hat and coat and then pushed him out of the house and told him if he ever darkened my door again I'd cleave him to the chin."

"His father was just the same way. About every three months some leading citizen punched his head through my exasperation. I remember one night there was a splendid show at the opera house. It was 'Uncle Tom's Cabin,' and if my memory serves me Henry Irving appeared as Marks the lawyer and Ellen Terry as Topsy. It was a grand production that appealed to the best of us. Well, old man Kerswat had a seat in the parquet, and he just kept on talking in a hoarse whisper that could be heard all over the house, until the people were ripe for riot and the actors looked as though they would stain their hands in blood before the night was over."

"The play came to that affecting part where Little Eva is being hoisted to paradise on a pink cloud, while jubilee singers behind the scenes sing an appropriate hymn, and we were all mellow and some of us were weeping. Old Kerswat, however, was quiet a minute or two, but just at the most poignant moment he began again."

"Then that audience rose as one man. We carried Kerswat out of the house and dumped him into a mudhole in the middle of the street and then threw bricks at him. He used a crutch for

## The Stomach Is the Target

Aim to make that strong—and digestion good—and you will keep well! No chain is stronger than its weakest link. No man is stronger than his stomach. With stomach disordered a train of diseases follow.

### Dr. Pierce's Golden Medical Discovery

makes the stomach healthy, the liver active and the blood pure. Made from forest roots, and extracted without the use of alcohol. Sold by druggists, in liquid form at \$1.00 per bottle for over 40 years, giving general satisfaction.

If you prefer tablets as modified by E. V. Pierce, M. D., these can be had of medicine dealers or trial box by mail on receipt of \$2c in stamps.

three months afterward. But it didn't do him any good. He always talked the town down. "It'll be the same with his son. That young man will go ahead talking until the people send him limb from limb, and he'll continue talking while they are doing it."

Lieut. Col. Brett in Capital.

Lieut. Col. Lloyd M. Brett, 1st Cavalry, formerly adjutant general of the District National Guard, and now stationed at Fort Yellowstone, Wyo., is on a visit to this city on leave of absence.

And You're Not Allowed to Carry Weapons, Either

By "Bud" Fisher

